



Predatory Rent-a-Bank Lending in West Virginia

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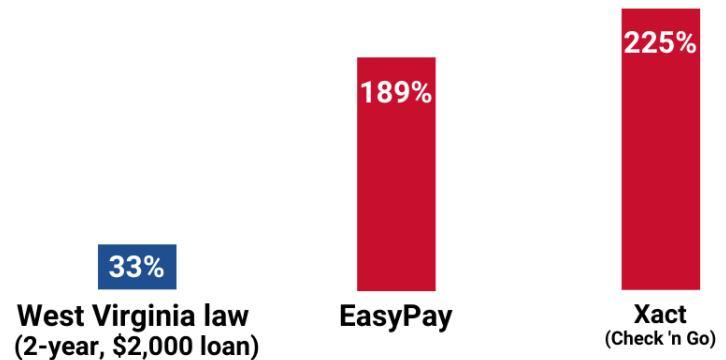
West Virginia law limits interest rates to protect its residents from predatory lending. Under West Virginia law a two-year \$2,000 loan is limited to **33% APR**.

But FDIC-supervised banks are fronting for high-cost lenders to help them evade West Virginia law and make loans over 100% that are illegal in West Virginia. Banks are exempt from state rate caps, and a few rogue banks are helping predatory lenders disguise their loans as bank loans so they can charge triple-digit interest rates. Predatory rent-a-bank lending hurts consumers and **disabled veterans**.

These installment lenders are now using rent-a-bank schemes to evade West Virginia law:

- **EasyPay Finance** uses Utah-based **TAB Bank** to evade the law of Maine and other states so it can make loans at **130% to 189%** through pet stores, auto mechanics and furniture stores. Hundreds of consumers across the country have complained about EasyPay loans, including complaints about **predatory puppy loans**.
- Access Financial, which runs the **Check 'n Go** payday loan stores, offers the **Xact** installment loan through **Capital Community Bank** at **145% to 225% APR**.

West Virginia Maximum APR & Rent-a-Bank Loan Rates



In 2021, Congress, on a **bipartisan basis**, passed a resolution to override a regulation, the “fake lender” rule, that would have protected predatory rent-a-bank schemes. **President Biden**, when signing the resolution, said: “rent-a-bank schemes ... allow lenders to prey on veterans, seniors, and other unsuspecting borrowers tapping in the – trapping them into a cycle of debt.” Rent-a-bank schemes are of questionable legality and have been **challenged** in court.

But a few, rogue FDIC-supervised banks are still helping predatory lenders evade state laws.

To preserve West Virginia’s authority to stop predatory lending, we must:

- **Tell the FDIC** to stop its banks from fronting for predatory lenders evading state law.
- Pass the **Veterans and Consumers Fair Credit Act**, S. 2508/H.R. 5974, to enact a **national 36% interest rate cap** covering all lenders, including banks, and allow states to set lower limits.